

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2680

March 15, 2012

SUMMARY OF BILL: Requires each retail station selling gasoline to have at least two gasoline pumps that dispense ethanol-free gasoline. Authorizes the Commissioner of the Department of Agriculture (TDOA) to assess fines up to \$5,000 per day for each willful violation. Requires fines to be used for investigative, hearing, and related administrative costs. Authorizes the Commissioner, upon receipt of a complaint, to enter a retailer's place of business during normal business hours to examine and obtain samples necessary to determine the retailer's compliance. Entitles a retailer to a contested case hearing conducted in compliance with the Uniform Administrative Procedures Act. Defines "gasoline" and "gasoline pump."

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$391,600/Recurring

**Increase State Expenditures - \$103,300/One-Time
\$454,100/Recurring**

Assumptions:

- According to TDOA, there are currently 4,400 retail gasoline locations, of which 4,200 do not have pumps that dispense ethanol-free gasoline.
- TDOA estimates that customers will file complaints against 33 percent, or 1,386, of the 4,200 locations.
- TDOA will test annually 1,000 gasoline samples for ethanol content at a cost of \$40 per test. The recurring increase in state expenditures is estimated to be \$40,000 (1,000 samples x \$40 test).
- TDOA estimates that 10 percent of the 1,386 complaints (or 138) will result in the average civil penalty of \$2,838, resulting in a recurring increase in state revenue of \$391,644 (\$2,838 penalty x 138 complaints).
- TDOA estimates that 80 percent of the 138 civil penalty cases (or 110) will result in an administrative hearing each year. The recurring increase in state expenditures is estimated to be \$99,000 [(\$600 judge + \$300 court reporter) x 110 hearings].
- TDOA will require one Program Administrator, resulting in a recurring increase in state expenditures of \$54,196 (\$42,000 salary + \$12,196 benefits).
- TDOA will also require an Administrative Assistant, resulting in a recurring increase in state expenditures of \$37,631 (\$27,600 salary + \$10,031 benefits).

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- TDOA will purchase office furniture, computers, printers, and supplies for the Program Administrator and Administrative Assistant. The one-time increase in state expenditures is estimated to be \$11,100 [(\$2,500 furniture + \$2,500 computer/printer + \$550 supplies) x 2 employees]. The recurring increase in state expenditures for office supplies is estimated to be \$550.
- TDOA will also require four Weights and Measures Inspector 2 (WMI) positions, resulting in a recurring increase in state expenditures of \$150,524 [(\$27,600 salary + \$10,031 benefits) x 4 positions].
- TDOA will provide a vehicle and supplies to each of the WMI positions. The one-time increase in state expenditures is estimated to be \$92,200 [(\$20,000 vehicle + \$3,050 supplies) x 4 WMIs]. The recurring increase in state expenditures is estimated to be \$72,200 [(\$15,000 vehicle operation + \$3,050 supplies) x 4 WMIs].
- The total one-time increase in state expenditures is estimated to be \$103,300 (\$11,100 office supplies + \$92,200 vehicles).
- The total recurring increase in state expenditures is estimated to be \$454,101 (\$40,000 samples + \$99,000 hearings + \$54,196 Program Admin. + \$37,631 Admin. Asst. + \$550 supplies + \$150,524 WMIs + \$72,200 WMI supplies).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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